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REAL-TIME SOLUTIONS

Handling In & Outbound Product Returns

For manufacturers and distributors alike, returns are often seen as a nuisance, a cost center and an area of potential customer dissatisfaction. As long as products are being sold, there will always be some returns. And, for many sellers, the process of handling product returns has been mostly on an ad-hoc basis. However, many successful organizations using the NDS ERP Solution have realized that an effective product returns strategy provides a number of benefits. The NDS ERP solution easily handles Quarantine Inventory, Return to Vendor and Customer Returns.

Quarantine Inventory: What do you do with inventory that may be defective? Whether it is inventory that you have received from one of your vendors, or a product return from one of your customers, it needs to be segregated but still accounted for. In NDS Applications, you have the ability to create quarantine locations. Using these locations, you can track and value the goods and prevent the items from being consumed in manufacturing or shipped on sales orders as quarantined inventory is not considered in allocation calculations or inventory planning.

Once quarantined, what can you do with this inventory? Quarantine inventory can be scrapped, written off through an adjustment, reworked, or returned to the vendor

Return to Vendor: In order to return inventory to the vendor, you need to manage and account for it during the returns process. With some suppliers, the process can be cumbersome. In order to get a Return Material Authorization (RMA) issued, you need to gather and submit a large amount of data, such as the original PO number, packing slip number, invoice number, items, quantities, reason for the return and contact information. Often, vendors require this in writing before issuing an RMA number. In the meantime, you are still responsible for the inventory and must account for both the quantity and value of the defective goods.

With the NDS Application, the process is simple. When the inventory is received into quarantine locations during purchase order receipts, a Return to Vendor transactions (RTV) is created automatically. All of the pertinent information from the purchase order is automatically stored in the RTV transaction. Additional information can be stored in comments or using user-defined reason codes.

Return to vendor transactions can be created manually as well, and items can be moved between open RTV transactions for the vendor. RTV transactions handle both stocked and non-stocked items. Transmitting the request to your vendor is easy. You can print, email, or fax the RTV request.

Once the vendor has approved the request and issued an RMA number, the RTV transaction is shipped to the vendor. To accommodate any vendor restocking charges or freight charges, the Return to Vendor shipping process can interface with a third-party manifest shipping system, such as Kewill's Clippership. Additionally, the module can be set up to automatically create an Accounts Payable credit voucher for any additional vendor charges.

Customer Returns & Repairs: Managing your own returns can be even more problematic. Before issuing an RMA number, you need to verify if the item was purchased from you and if it is within your return policy timeline. In order to keep customers happy, many times you'll need to send replacements parts immediately, without waiting for the defective items to be returned. You must track items, quantities and estimated return dates. If replacement parts are sent, you must manage the issuing of invoices, as well as the issuing of credits once parts do arrive. In order to minimize future product returns, you must analyze the reasons that products are being returned.



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Without an efficient program, managing all of this data can be very time-consuming. The NDS Service/Warranty module provides the mechanism for issuing and managing return material authorizations, allowing for purchase verification, scheduling of items to be returned, quarantining of returned items and issuing credits and/or replacement sales orders.

When issuing an RMA, the service record identifies the customer requesting the return and the service employee handling the request. User-defined service types control much of the default information, such as the reason code for any resulting sales orders and whether freight and miscellaneous codes from the original sale are to be refunded.

Returned items can be selected from a list of shipped sales orders, providing for purchase verification and ensuring that the price on any credit issues is the same as the price originally charged. Multiple items from a single sales order can be returned on one RMA. After an order is selected, you have the option of returning the entire order, or selecting certain items and quantities from the original sales order. This process also ensures that the selected line item has not been previously returned on a different RMA. For lot and serial-controlled returns, the control number is entered and verified before the return is processed.

When the return arrives, if the item being returned is good merchandise, it can be returned directly into a valid bin location. If the item is suspected of being defective, the item can be received into a quarantine bin location. The simple press of a button will create a credit note for the customer's return or generate a new sales order or quotation for replacement items.

Along with managing product returns and replacements, this program can also be used to handle repairs for both warranty and billable jobs, either by you or by dealers that represent you. The reason for the failure, the actual problem that was diagnosed and the resolution to the problem are all easily tracked. Dealers can be reimbursed for their eligible labor with an Accounts Payable voucher created when the repair is completed. Rather than reimburse the dealer for parts, the parts that the dealer used for the repair are recorded and a new sales order created to replace the dealer's stock with a unit price of zero.

Handling in and outbound product returns are just some of the many features included in the NDS ERP Application Suite. NDS-ERP is state of the art in both application capability and underlying technology. For more in depth information about the NDS ERP Product Return features and how it can help your company, contact the NDS Sales Department or see the NDS Online Help at <http://www.ndsapps.com/webhelp.htm>.